

Wisconsin Medicaid Program



**Wisconsin Department of
Health and Family Services**

May 2005

This document is also available on the DHFS website at:
<http://dhfs.wisconsin.gov/Medicaid/>.

What is Medicaid?

Medicaid is a federal/state program that pays health care providers to deliver essential health care and long-term care services to frail elderly, people with disabilities and low-income families with dependent children, and certain other children and pregnant women. The Medicaid programs in Wisconsin include Medical Assistance, BadgerCare and SeniorCare. Medicaid, BadgerCare and SeniorCare are essential to the safety and well-being of the citizens of our state. These important programs protect our seniors, the poor and those most vulnerable in Wisconsin.

Medicaid is not a welfare program; it is a health insurance program. Only a small percentage of Medicaid recipients receive welfare cash assistance. Without Medicaid, these people would be unable to receive essential services or would receive uncompensated care.

In State Fiscal Year 2004, budgeted expenditures (both state and federal) for Wisconsin Medicaid totaled \$4.2 billion. Enrollment totaled 807,000 people, or 15% of Wisconsin's population.



- Health care safety net that delivers medical and long-term care services to low-income seniors and people with disabilities, members of low-income families with dependent children and certain other children and pregnant women.
- Very low-income children, parents, pregnant women (AFDC & Healthy Start) elderly and disabled (Supplemental Security Income - SSI)
- \$ 3.9 Billion in benefits provided annually
- 625,000 people enrolled



- Health coverage safety net for low-income working families with children.
- Non-Medicaid children and parents up to 185% of Federal Poverty Level
- \$ 207 Million in SFY 2004 in benefits provided annually
- 94,000 people enrolled



- Innovative prescription drug program to help low-income Wisconsin residents – age 65 and older – get medicine they need at a price they can afford.
- Non-Medicaid seniors up to 240% of Federal Poverty Level (Prescription Drugs only)
- \$ 95 Million in SFY 2004 in benefits provided annually
- 88,000 people enrolled

Medicaid Eligibility

Mandatory Group

- Low income families with children
- Supplemental Security Income (SSI) recipients
- Infants born to Medicaid-eligible pregnant women
- Children under age 6 and pregnant women with incomes less than or equal to 133% Federal Poverty Level
- Children under age 19 in families with incomes less than 100% Federal Poverty Level
- Recipients of adoption assistance and foster care under Title IV-E
- Certain low-income Medicaid beneficiaries
- Special protected groups who may keep Medicaid for a period of time

Optional Groups

- Infants up to age one and pregnant women with income less than or equal to 184% Federal Poverty Level
- Optional targeted low income children
- Certain aged, blind, or disabled adults with income less than or equal to 100% Federal Poverty Level
- Institutionalized individuals with low income and resources
- Persons enrolled in home and community-based services waivers
- State supplementary payments (SSP) recipients
- Tuberculosis-infected persons
- Certain women diagnosed with breast or cervical cancer
- Medically needy persons
- Certain working disabled persons
- Family Planning Waiver recipients

* Federal Poverty Level is currently at \$9,570 for an individual and \$3,260 is added for each additional person.

Medicaid Benefits Categories

Mandatory Items and Services

Optional Items and Services

Acute Care

- | | |
|--|---|
| <ul style="list-style-type: none"> • Physicians' services • Laboratory and x-ray services • In patient hospital services • Outpatient hospital services • Early and periodic screening, diagnostic, and treatment services for individuals under 21 • Family planning services and supplies • Federally-qualified health center services • Rural health clinic services • Nurse midwife services • Certified nurse practitioner services | <ul style="list-style-type: none"> • Medical care or remedial care furnished by licensed practitioners under state law • Prescribed drugs • Diagnostic, screening, preventive, and rehabilitative services • Clinic services • Primary care case management services • Dental Services, Dentures • Physical therapy and related services • Prosthetic devices, Eyeglasses • TB-related services • Other specified medical and remedial care |
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Long-term care

Institutional Services

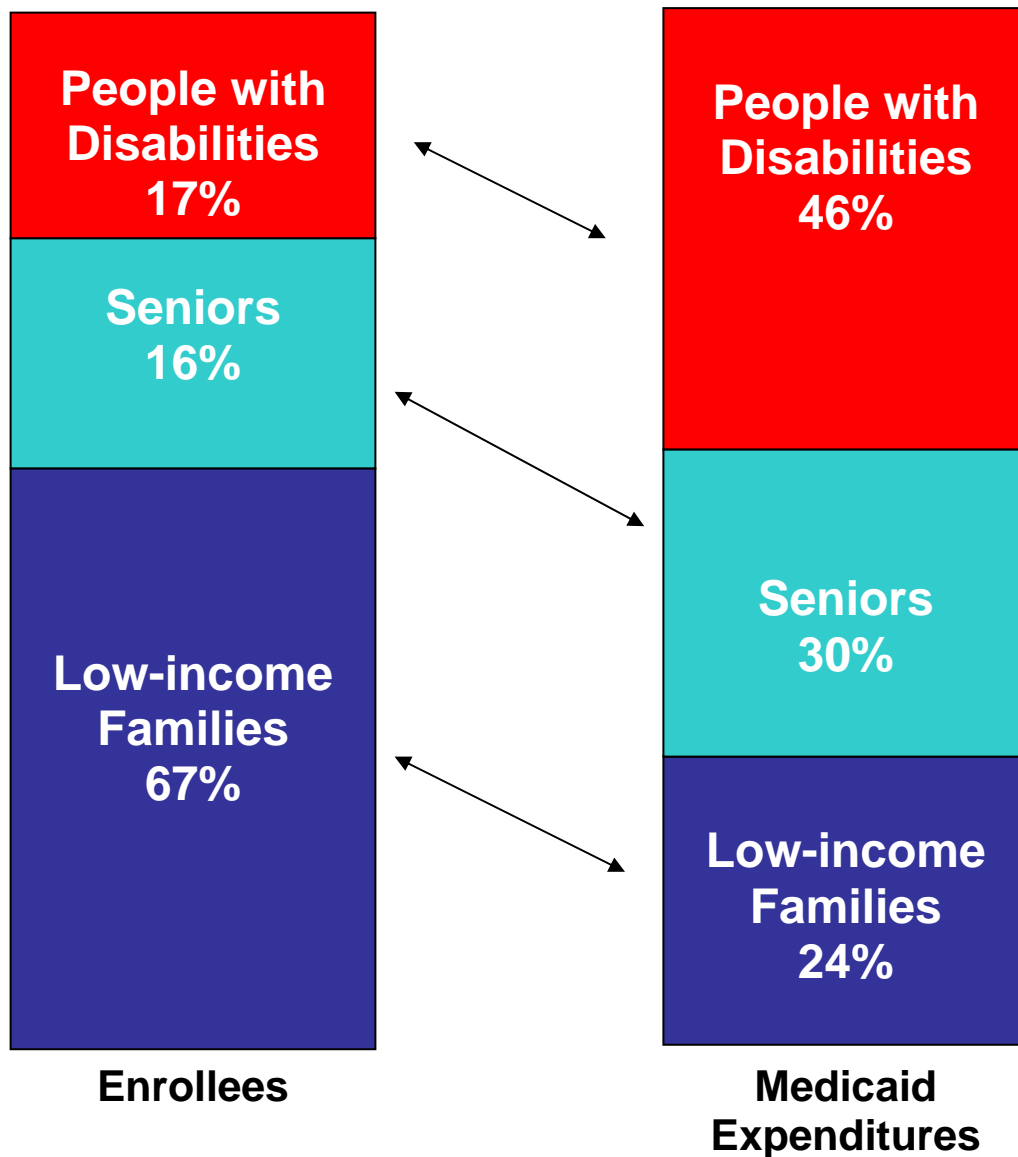
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| <ul style="list-style-type: none"> • Nursing facility services for individuals 21 or over | <ul style="list-style-type: none"> • Inpatient hospital and nursing facility services for individuals 65 or over in an institution for mental disease • Intermediate care facility for individuals with mental retardation services • Inpatient psychiatric hospital services for individuals under age 21 |
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Home & Community-Based Services

- | | |
|---|--|
| <ul style="list-style-type: none"> • Home health care services (for individuals entitled to nursing facility care) | <ul style="list-style-type: none"> • Home health care services for individuals not entitled to nursing facility care • Case management services • Respiratory care services for ventilator-dependent individuals • Personal care services • Private duty nursing services • Hospice care • Services furnished under a PACE (Programs of All-inclusive Care for the Elderly) program • Home- and community-based services (under waiver, subject to budget neutrality requirements) |
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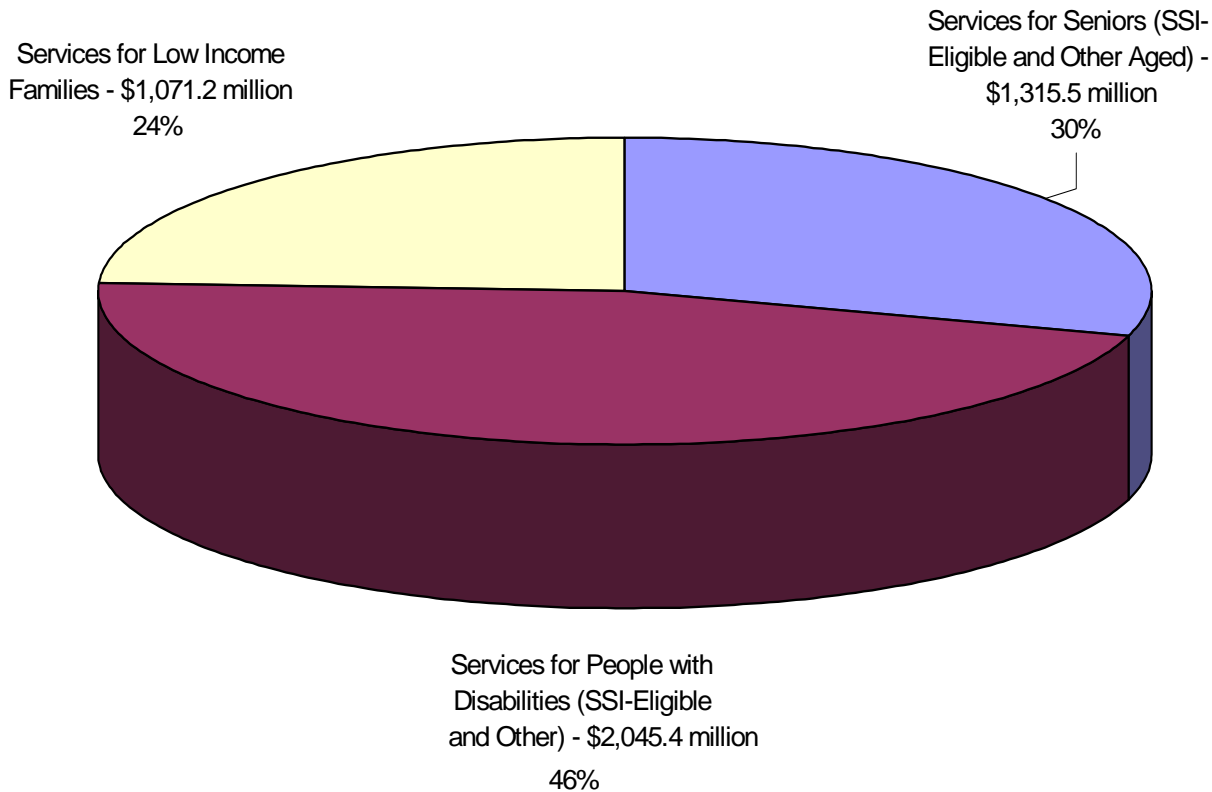
Medicaid programs serve three distinct populations:

- Seniors with low-income and limited assets
- People with disabilities
- Low-income families



Low-income families comprise 67% of enrollees but account for only 24% of Medicaid costs. Alternatively, people with disabilities and seniors account for a low percentage of enrollees but a higher proportion of expenditures.

Medicaid Expenditures Including BadgerCare and SeniorCare State Fiscal Year 2004 (in millions)



- Services for Seniors (SSI-Eligible and Other Aged) - \$1,315.5 million
- Services for People with Disabilities (SSI-Eligible and Other) - \$2,045.4 million
- Services for Low Income Families - \$1,071.2 million

Children and Low-Income Families

Medicaid and BadgerCare are designed to help low-income families become economically self-sufficient by providing health insurance as they work their way up the economic ladder. It's purpose is to eliminate barriers to successful employment by providing a transition for families from welfare to private insurance. Health care is essential for working families with children.

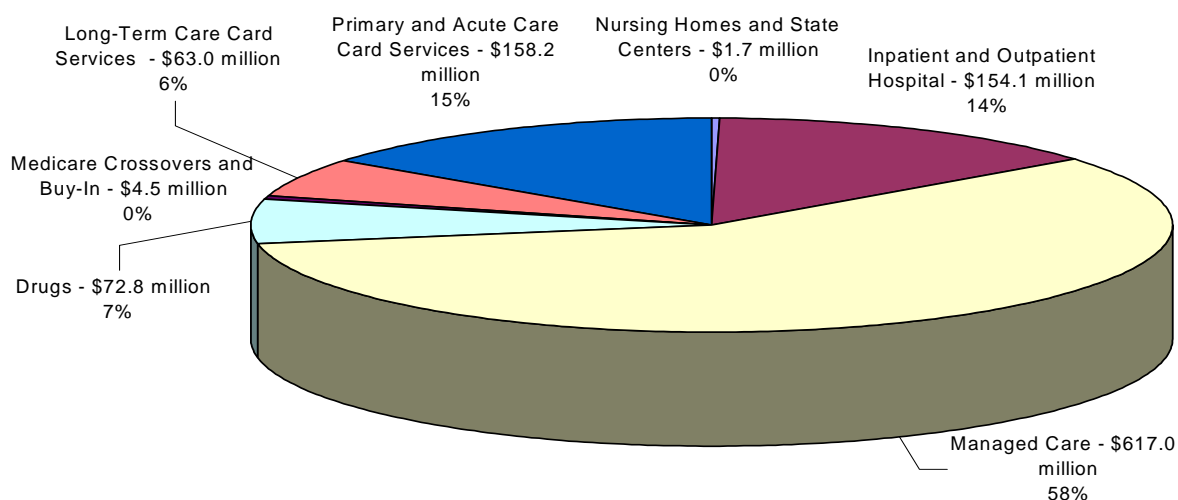
Children ages 0-17 in low-income families comprise 40.6% (230,783) of eligible Medicaid clients. 21.7% of Medicaid clients are biological, adoptive or foster parents with insufficient income or employment to obtain private insurance.

BadgerCare is a companion product that enables all children and families with incomes below 185% of the federal poverty level to obtain coverage. 93% of BadgerCare families have one or more employed members.

51.1% of all low income clients on Medicaid and BadgerCare are in families with at least one wage earner.

To effectively manage costs, 70% of low-income family recipients are enrolled in comprehensive managed care programs. Managed care capitation payments are 58% of expenditures for low-income families.

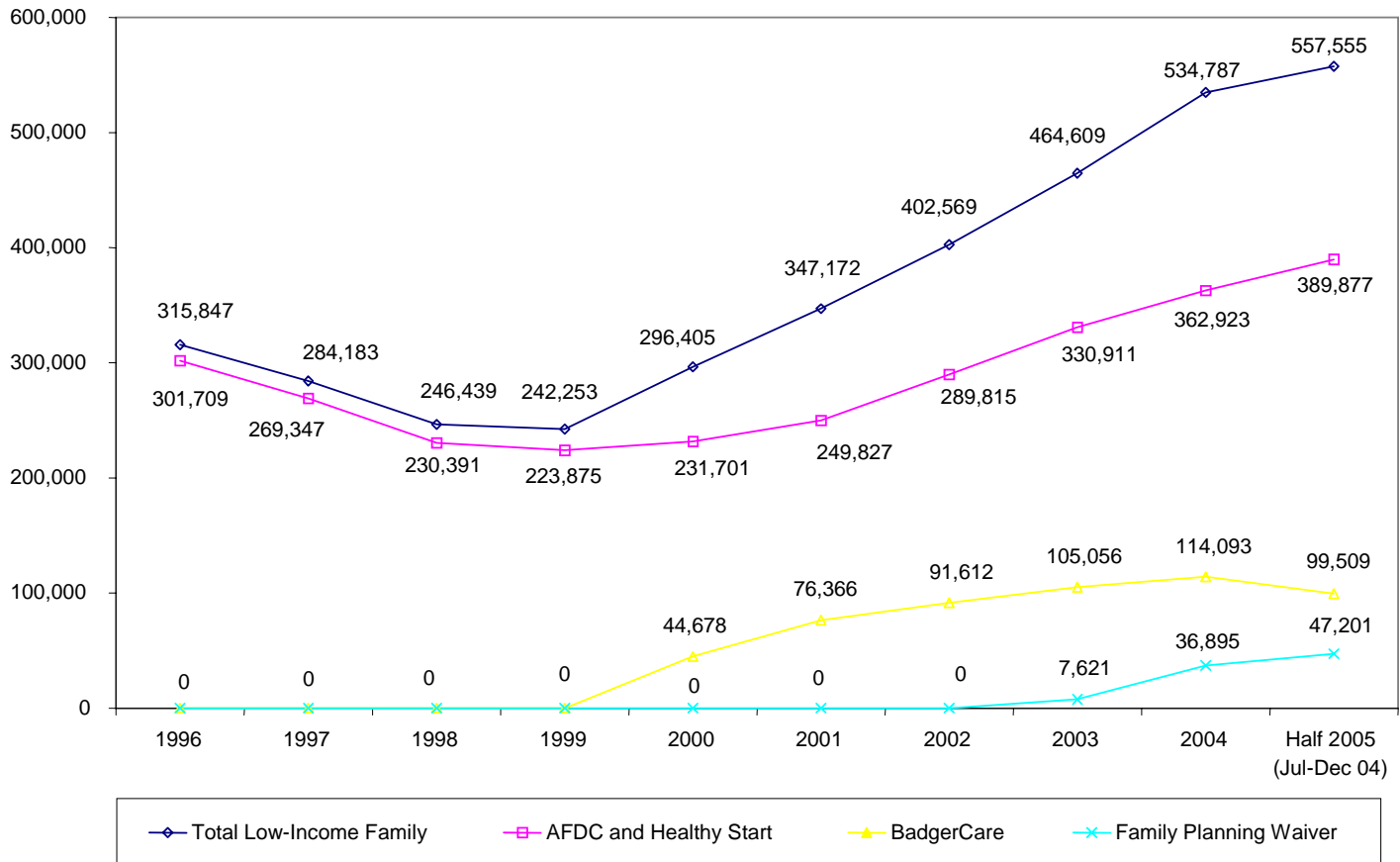
Medicaid Expenditures for Low Income Families including BadgerCare - SFY 2004 (in millions)



Long-term care card services include services provided in schools, county-matched services, durable medical equipment and supplies, therapies and non-emergency transportation.

"Card services" refers to services provided to a Medicaid recipient, as detailed in the Medicaid State plan. To be contrasted with waiver services, which are provided under an exception from federal law.

Average Monthly Low-Income Family Medicaid Enrollment SFY 1996 through December 2004



The number of low-income family recipients increased over 120% from SFY 1999 to 2004.

48% of this increase is due to enrollment growth in AFDC, AFDC-related and Healthy Start.

39% is due to enrollment in the BadgerCare program.

The implementation of BadgerCare also led to an increase in the number of children enrolled in Medicaid by 100,000, which is 72% of the total increase in AFDC, AFDC-related and Healthy Start.

13% of this increase is due to the implementation of the Family Planning Waiver in SFY 2003.

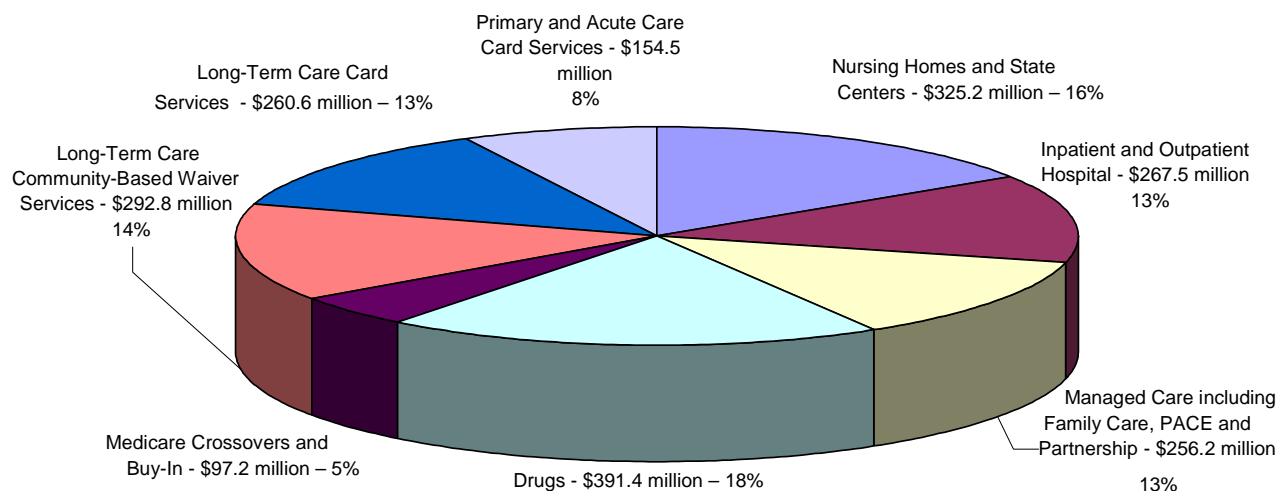
BadgerCare enrollment has declined in the first half of SFY 2005.

People with Disabilities

People with disabilities include children, adults and seniors. In general, there is no available commercial insurance coverage for this population. To qualify for Medicaid, people with disabilities must also have very low income and almost no assets. People with disabilities on Medicaid have difficulty obtaining employer sponsored insurance and are generally not insurable in the private market because of their medical problems. Many disabled Medicaid clients are also covered by Medicare. Medicaid only covers what Medicare does not.

- Almost 46% of Medicaid costs are for people with long-term or permanent disabilities with very low-income and extremely limited assets.
- People with disabilities comprise 16.6% (132,695) of eligible clients.
- To qualify, disabilities must be permanent, or expected to result in death, or be expected to last 12 months or longer.
- There is an average of 8,717 children under 18 with disabilities on Medicaid. For most of them, Medicaid covers what their parent's group plan does not.

Medicaid Expenditures for People with Disabilities including SSI-Eligible and Other - SFY 2004 (in millions)



- Long-term care card services include home care (home health, private duty nursing, hospice and personal respiratory care), durable medical equipment and supplies, county-matched services, therapies and non-emergency transportation.
- 16% of expenditures are for care in nursing homes and the State centers.
- 56% of expenditures are for long-term care.
- "Card services" refers to services provided to a Medicaid recipient, as detailed in the Medicaid State plan. To be contrasted with waiver services, which are provided under an exception from federal law.

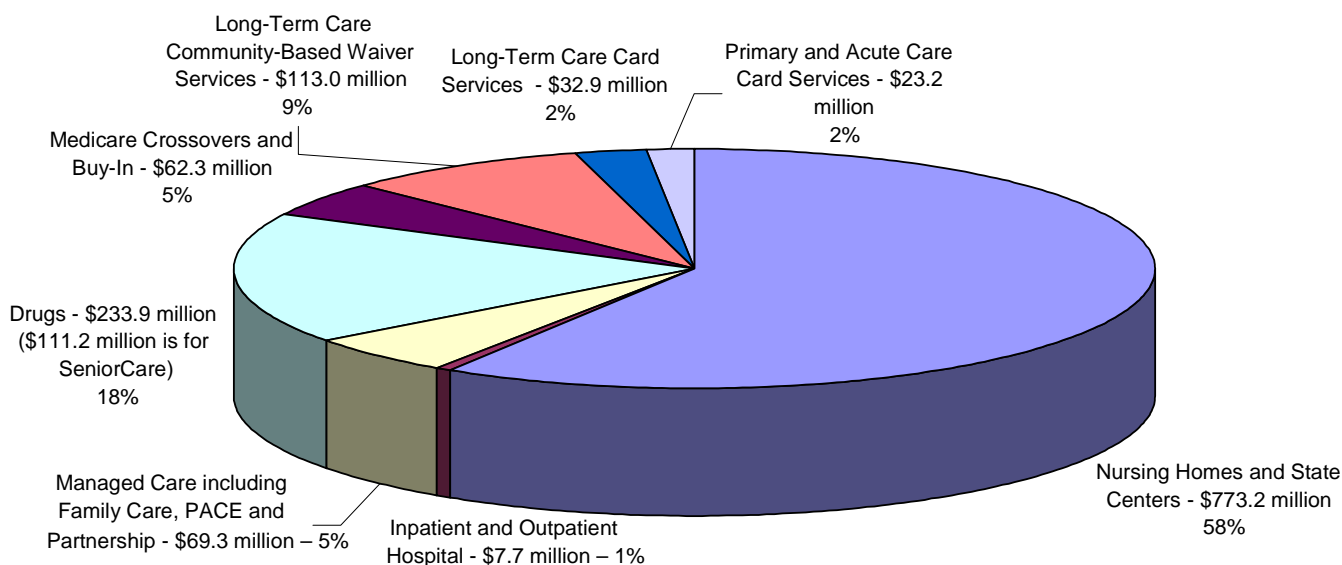
Low-Income Elderly

To be covered by Medicaid, seniors have to have a very low-income and extremely low assets. The only exception is that the spouse of an elderly nursing home resident may retain their home, assets up to \$90,000, and enough income to support themselves in the community.

Medicaid pays Medicare premiums and cost sharing for very low-income seniors. Paying Medicare premiums ensures that Medicare, not Medicaid, pays for most primary and acute medical care.

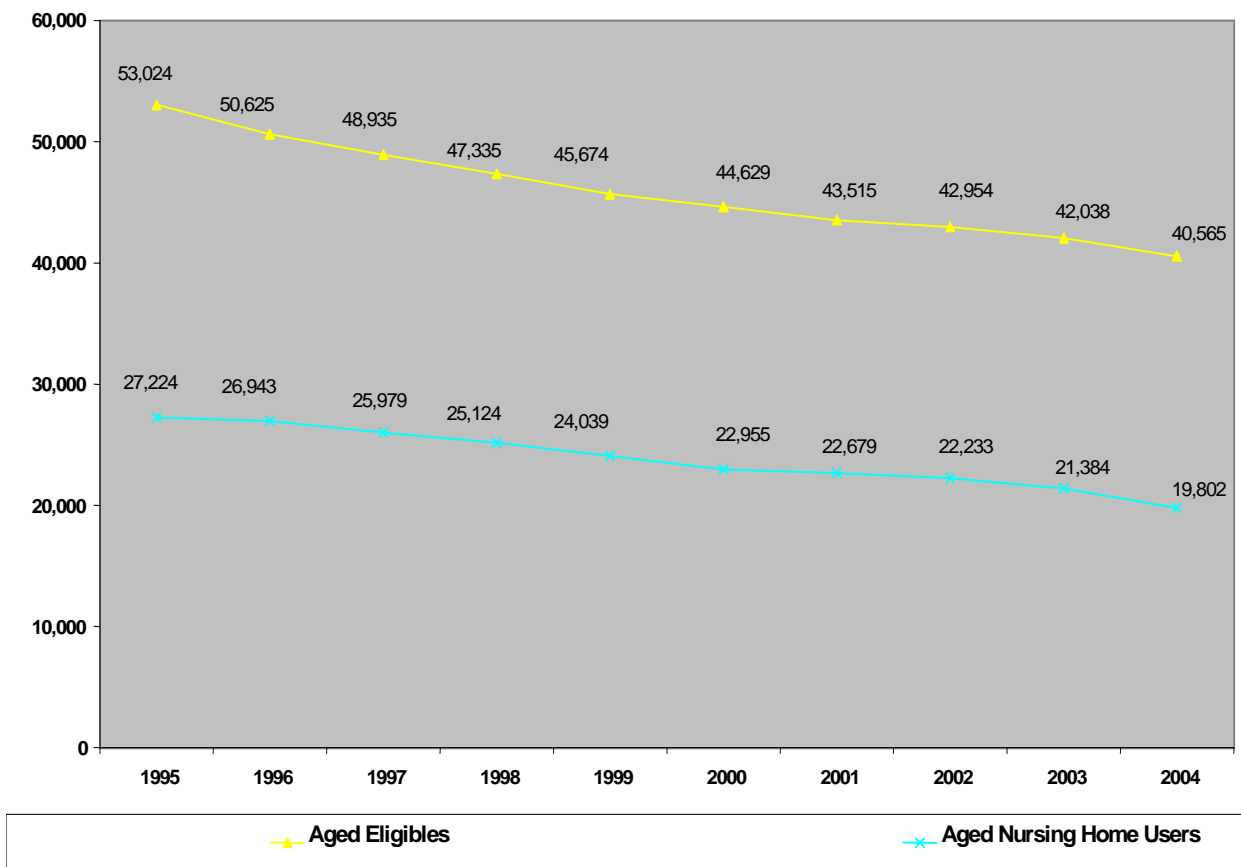
- 99% of elderly on Medicaid are also covered by Medicare. For Seniors, Medicaid pays what Medicare does not.
- Medicaid fills in the tremendous gaps in Medicare coverage. 49% of Medicaid costs for services are for people also eligible for Medicare.

Medicaid Expenditures for Seniors including SSI-Eligible and Other Aged SFY 2004 (in millions)



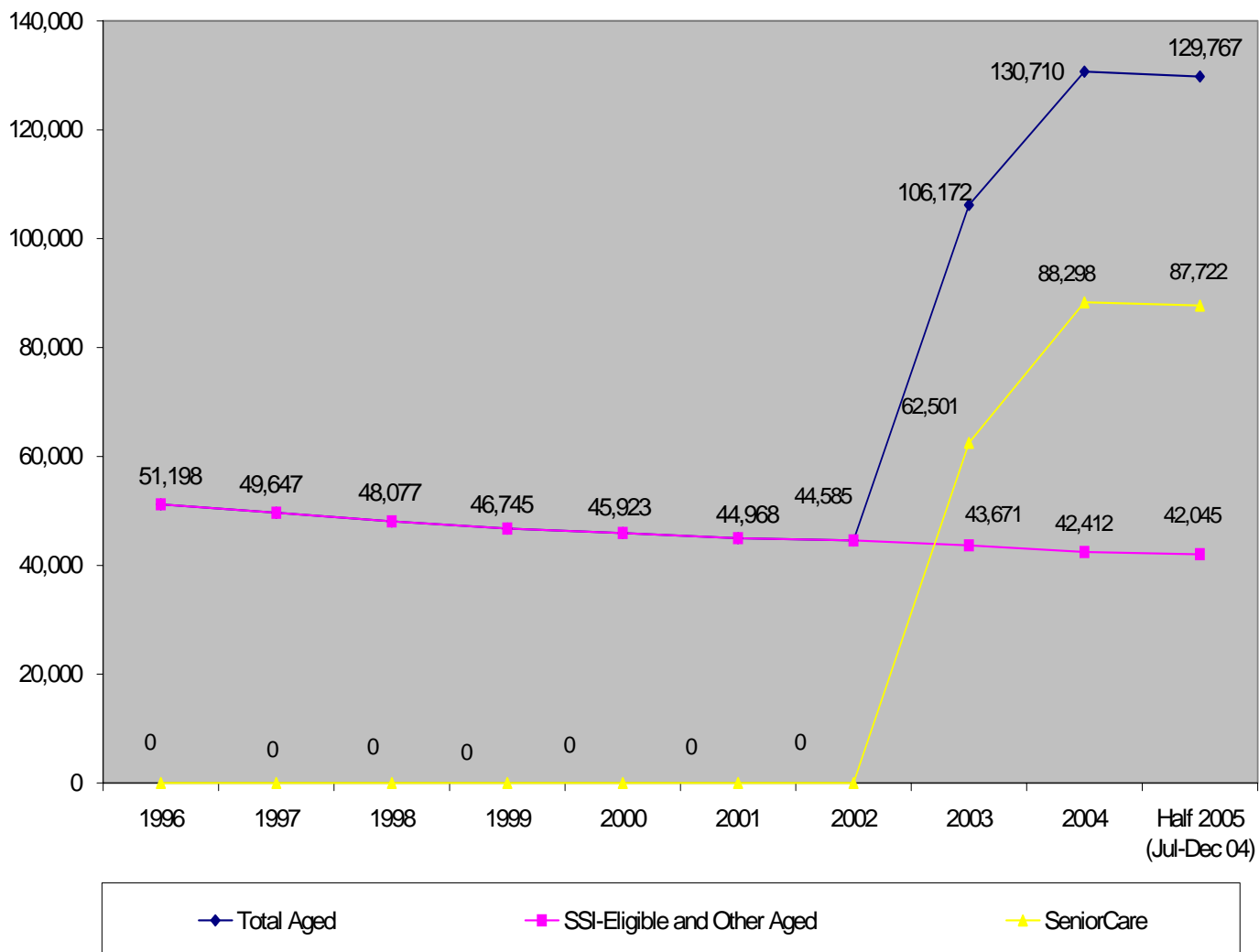
- Long-term care card services include home care (home health, private duty nursing, hospice and personal respiratory care), durable medical equipment and supplies, county-matched services, therapies and non-emergency transportation.
- 58% of expenditures for the Aged are for nursing home care.
- 74% of expenditures are for long-term care.
- 5% of expenditures are for Medicare premiums, coinsurance and deductibles.
- “Card services” refers to services provided to a Medicaid recipient, as detailed in the Medicaid State plan. To be contrasted with waiver services, which are provided under an exception from federal law.

Utilization of Nursing Home Services by Aged Recipients Annual Unduplicated Eligibles vs. Users - SFY 1995 to 2004



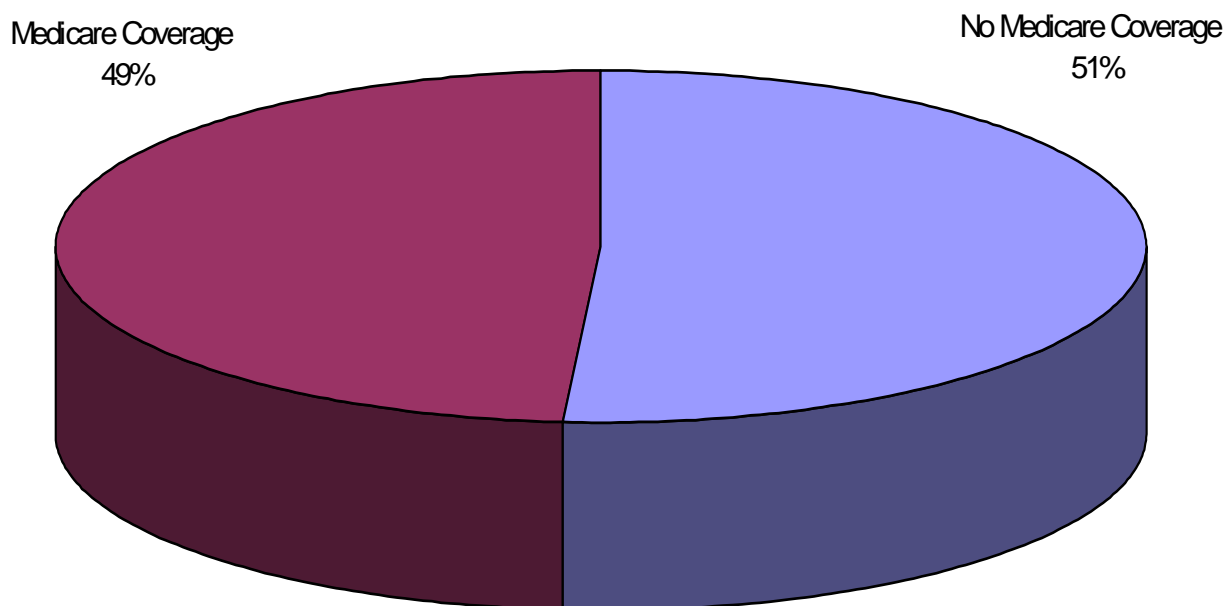
- 50% of aged recipients receive nursing home care.
- Many aged recipients become eligible for Medicaid because they are in a nursing home.
- From 1995 through 2004, the number of aged recipients has declined steadily.
- During the same period, the number of Medicaid funded nursing home residents has also declined at a steady pace.

Average Monthly Aged Medicaid Enrollment SFY 1996 through December 2004



- The number of SSI-eligible and other aged has decreased over time although the total number of aged recipients has increased dramatically since the implementation of SeniorCare in SFY 2003.

Medicaid Expenditures Including BadgerCare and SeniorCare by Medicare Status - SFY 2004 (in millions)



- 49% of Medicaid Expenditures are for people also covered by Medicare.

Why is Medicaid Caseload Growing?

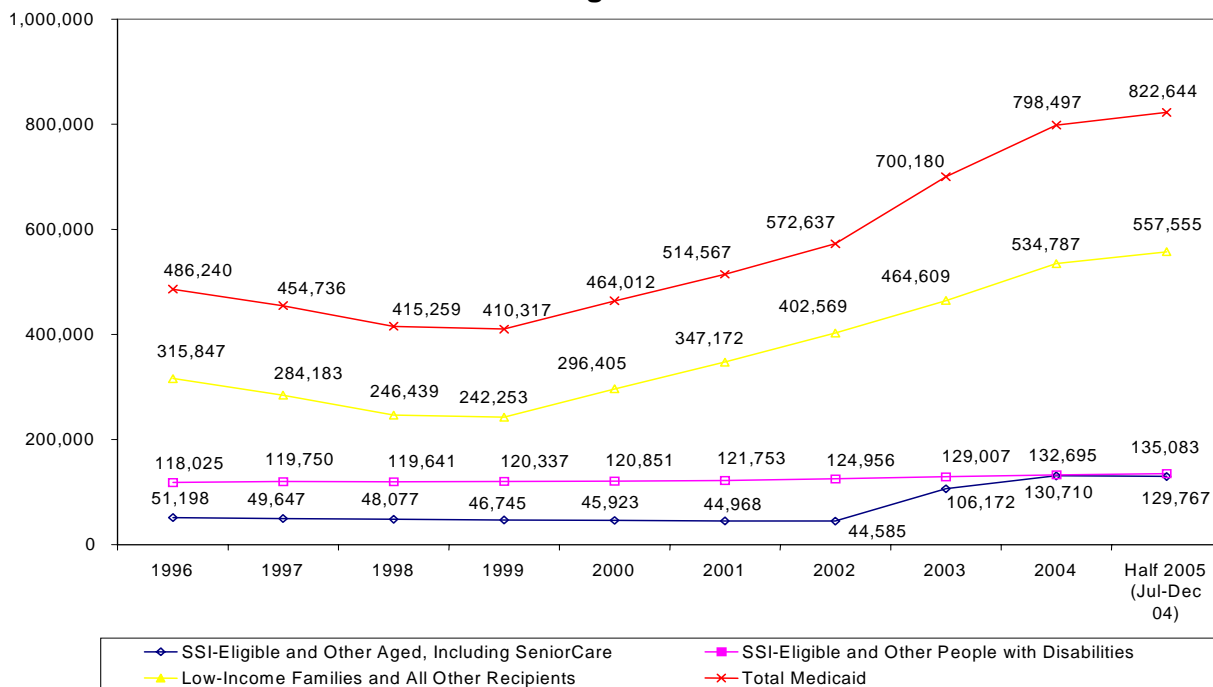
Most of the growth in Medicaid enrollment in the past few years has been from the creation of BadgerCare for low-income working families and SeniorCare prescription drug coverage for low-income seniors. SeniorCare was created because Medicare had no prescription drug coverage and many low-income seniors could not afford their medications. For over 90% of seniors enrolled, SeniorCare will provide better coverage than the new Medicare Part D. BadgerCare was created to provide low-income working families with affordable health insurance. Families cannot be covered by BadgerCare if they have access to an affordable commercial plan.

The caseload for family Medicaid and BadgerCare grew rapidly beginning with the economic downturn of 2000-2003 as people lost their jobs and fewer employers offer health insurance. The percentage of Wisconsin residents covered by employer-sponsored group plans declined from 77% to 69% from 2001 to 2003.

The number of people with disabilities qualifying for Medicaid has also been growing 2-3% per year since 2001, due to factors in the job market and the fact that disabled people now live longer.

The number of low-income seniors covered by Medicaid has remained steady and has not grown despite the aging of the population. This is primarily because seniors are more economically self-sufficient and because SeniorCare has helped protect their assets and incomes.

**Average Monthly Medicaid Enrollment by Population
SFY 1996 through December 2004**



- BadgerCare began in 2000.
- SeniorCare began in 2003.
- Family Planning Waiver began in 2003.

How is Medicaid funded?

As a general rule, the state pays 42% of Medicaid costs and the federal government pays 58%. For every \$1 that the state spends on Medicaid, the federal government adds \$1.50. The federal government has several proposals that will reduce its financial commitment.

BadgerCare qualifies for even higher federal matching; 71%. So for every \$1 of state funds invested, the federal government contributes \$2.30.

BadgerCare families and some disabled persons also pay premiums based on their income. Providers also help fund Medicaid and BadgerCare by accepting substantially lower fees from Medicaid than they do from commercial insurance plans.

Why are Medicaid Costs Growing?

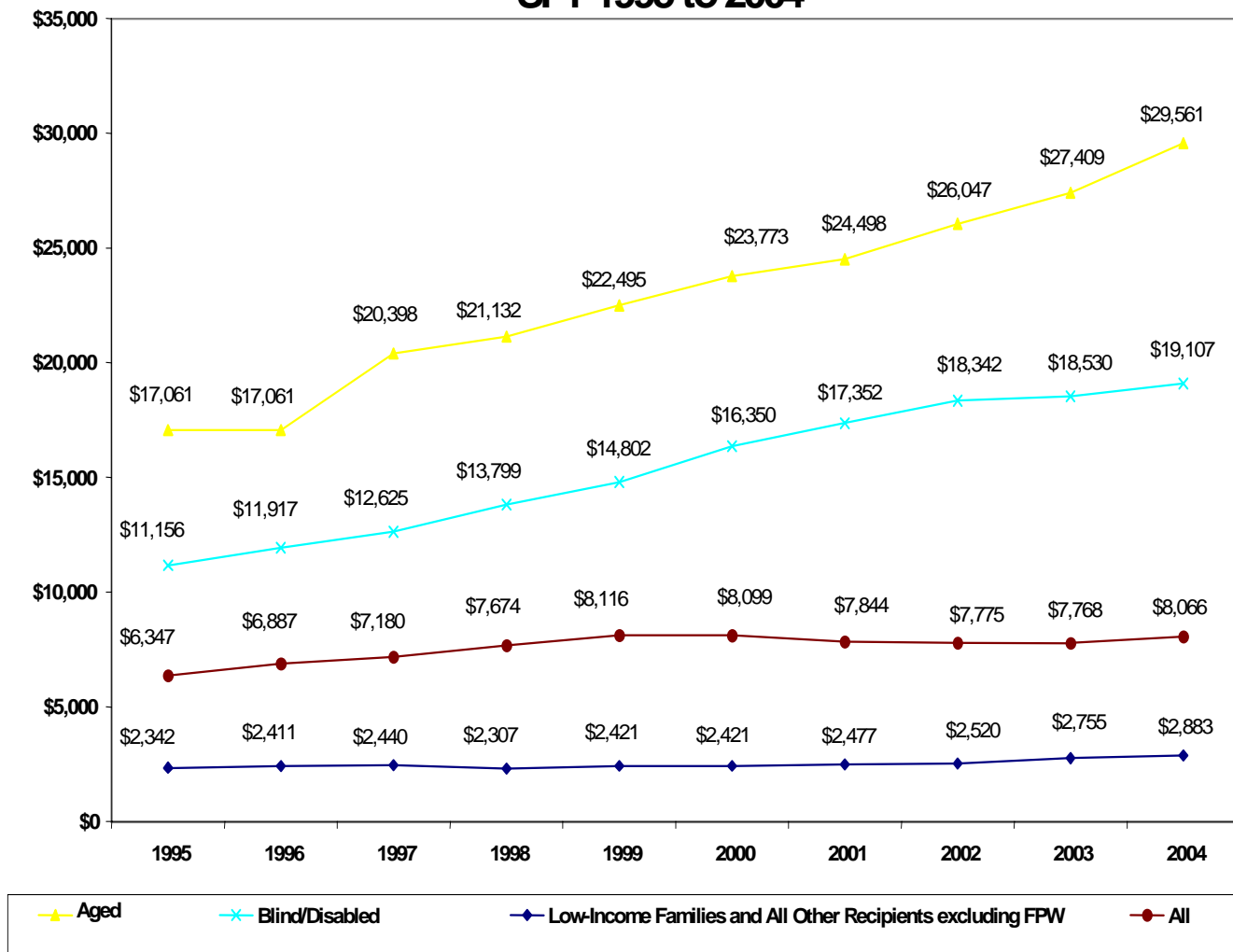
Actually, total Medicaid (both federal and state share) costs have been increasing much less than private insurance, even considering that caseload is growing. The total increase in Medicaid costs in the Governor's budget is only 3.3% in 2006 and 4.2% in 2007. This compares with increases of 10-15% for most commercial plans.

State General Program Revenue (GPR) costs, however, are growing faster because the federal government has been reducing its contribution by ending certain programs under which Wisconsin claimed additional federal money. And, the federal Medicaid formula decreases the federal share as Wisconsin's per capita income has grown faster than the national average.

Medicaid expenditures for aged and disabled recipients are significantly higher per person than for low-income family recipients. Some cost comparisons per person for State Fiscal Year 2003:

Aged excluding SeniorCare	\$ 36,461
People with Disabilities	\$ 14,512
Low-Income Families & Other Recipients	\$ 2,122
State Employees	\$ 2,932

Annual Expenditure per User by Medicaid Population SFY 1995 to 2004



- The cost for low-income family and other recipients increased an average of 1.3% per person per year from 1995 through 2004.
- The cost for aged and disabled recipients increased an average 8% per person per year.

What is Being Done to Control Costs?

In 2003-05, Wisconsin adopted cost containment initiatives totaling \$460 million (all funds) (\$185 million State General Purpose Revenue). Measures adopted included: paying less for prescription drugs; negotiating better discounts with pharmaceutical companies and adopting a preferred drug list; increasing premiums for BadgerCare; requiring verification of income and insurance for BadgerCare; freezing almost all provider rates; and tightening payment and coverage policies.

Medicaid is also operated very efficiently. Less than 5 cents of every \$1 is for administration. This is less than half the cost of most commercial insurance plans. Wisconsin's costs for administering Medicaid are below the national average. In the past 6 months DHFS rebid the contract for computer systems and insurance operations and will save \$93 million over 5 years.

70% of low-income families are enrolled in managed care programs to control costs and maintain quality.

Managed care is being expanded to serve people with disabilities in Milwaukee and Dane Counties.

Wisconsin continues to reduce its reliance on nursing homes and increase both the number and proportion of elders and people with disabilities served in the community settings they prefer.

2003-05 Budget

For Medical Assistance, BadgerCare and SeniorCare

2003-04 Budget for Benefits

	GPR	SEG	Other	All Funds
Medical Assistance *	711,214,400	641,887,500	2,547,001,800	3,900,103,700
BadgerCare	65,854,200		141,194,500	207,048,700
SeniorCare	33,109,600		61,980,000	95,089,600
	810,178,200	641,887,500	2,750,176,300	4,202,242,000

2004-05 Budget for Benefits and Administration

Benefits	GPR	SEG	Other	All Funds
Medical Assistance *	1,434,593,800	120,507,300	2,454,716,200	4,009,817,300
BadgerCare	68,336,800		148,353,800	216,690,600
SeniorCare	39,324,400		74,394,000	113,718,400
	1,542,255,000	120,507,300	2,677,464,000	4,340,226,300

Administration **	GPR	Other	All Funds
State Operations	15,938,300	44,940,500	60,878,800
Contracts with Counties	36,476,600	49,444,500	85,921,100
Contracts with Vendors	29,245,400	47,976,200	77,221,600
	81,660,300	142,361,200	224,021,500

2004-05 All Funds Total **4,564,247,800**

Administration as % of Total	4.9%
Administrative cuts specified in Act 33	8,209,300
Act 33 cuts as % of Admin Budget	9.1%

* GPR Medical Assistance budgets do not include an estimated \$64,757,800 per year for Community Options Program Waiver payments.

** The 2004-05 administration budget is net of (after) the cuts specified in Act 33. (2003-5 Budget)

Economic Impact

Medicaid, BadgerCare and SeniorCare provide essential health insurance for over 800,000 people in Wisconsin. Without Medicaid, low-income families would not get essential health care and would be less likely to be able to work or have greater absenteeism. Children without Medicaid or BadgerCare would not get needed immunizations and other services.

Doctors and hospitals would provide much more uncompensated care and have to charge private insurers even more, raising costs for everyone else.

For every \$1 the state spends on Medicaid, we bring \$1.50 of federal funds to Wisconsin. Medicaid will earn \$2.8 billion of federal revenue in 2005.

Because of the economic multiplier effects, \$1 of State General Purpose Revenue for Medicaid generates an additional \$2.93 in new business activity.

Medicaid funds over 60,000 jobs in Wisconsin that generate over \$2.5 billion in total wages and compensation. Many of these are high paying technical and professional jobs. Medicaid also funds many entry-level positions and positions for people with limited educational attainment.

Studies show that for every \$1 million reduction in state spending on Medicaid, total economic activity declines by \$2.9 million and 33 jobs will be lost.

Medicaid, BadgerCare and SeniorCare provide over \$4.4 billion to Wisconsin's health care sector.

Wisconsin has one of the lowest rates of uninsured in the country at 6%.

Distribution of Medicaid Expenditures for All Eligibles in SFY 2004

